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TAGS: [ENRG](#) [IAEA](#) [ETTC](#) [KNNP](#) [MNUC](#) [PARM](#) [TRGY](#)  
SUBJECT: IAEA/TC: G-77 LAUNCHES OFFENSIVE AGAINST RESULTS  
BASED MANAGEMENT PROJECT

REF: UNVIE-ASCHEINMAN EMAIL 11/09/09

Classified By: Ambassador Glynn T. Davies for reasons 1.4 b and d

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SUMMARY  
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11. (C) On November 3 the G-77 transmitted a letter to the Chairman of the IAEA Board of Governors requesting the Secretariat to rescind a Secretariat proposed project to implement results-based management (RBM) for Technical Cooperation (TC) project development. The aim of the project is to help recipient states maximize use of resources and funds and apply measurable indicators for success or failure of TC projects. In a two-page letter, the G-77 cited numerous reasons not to implement RBM, and ended with a threat to break consensus at the TACC on November 23-24 and at the Board on November 26-27 should the project not be pulled back. This is the first time the G-77 has threatened to break consensus at the TACC and the Board of Governors regarding approval of TC projects and threatens to pollute the atmosphere for the upcoming IAEA Board meeting. The G-77 position on this issue is driven by the strong leadership of Egypt, Malaysia, Pakistan and Iran within the group. The Secretariat has briefed the G-77 and Member States in general on this project since August, and the project description itself was made public in early October. OECD like-minded states (UK, AUS, CA, FR, and Switzerland) have expressed support for the project to the Secretariat, but will not openly engage the G-77 on the issue so as to not buy into G-77 efforts to portray this initiative as a way for donors to control and micro-manage TC. The Secretariat is drafting a letter refuting the G-77's claims and recommending to the G-77 that it retract its request. It remains unclear whether the Secretariat will hold fast to the project in the face of G-77 opposition. Malaysian Board Chair Arshad first informed WEOG ambassadors of the G-77 letter November 9 and advised that he would seek to mediate this issue between the G-77 and Secretariat during his pre-Board/TACC consultations. Arshad was noncommittal in his presentation to WEOG, and we do not expect him to be a disinterested advocate of this IAEA project.

12. (C) COMMENT AND ACTION REQUEST: The G-77 letter demonstrates clearly the group's position that TC should remain a completely recipient-country driven process without oversight by the IAEA TC Department, transparency, or accountability. In contrast, like-minded Western member states, the UN Office of Internal Oversight Services (OIOS), and some members of the TC Department believe TC can be a better managed program through the implementation of RBM; applying RBM methodology

would result in statistics on project results that donors can use to lobby legislative bodies to defend or even increase funding to the Technical Cooperation Fund (TCF). Mission requests contingency guidance, in the November TACC/BOG instruction cable, for use in the event that the Secretariat is pressured to withdraw the project or the G-77 block TACC and Board consensus on the TC program for 2010. Should there be a caustic debate in the TACC or the G-77 blocks consensus, this would poison the atmosphere for the November Board (potentially affecting our other equities such as the fuel bank or Iran) and set an extremely negative precedent for TC in the future.  
END SUMMARY AND ACTION REQUEST.

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THE PROJECT  
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13. (U) The RBM project was designed by the Secretariat in response to Member State requests at the Board and General Conference level for better management of TCF resources, transparency, and accountability of the all TC projects. These requests are and have been based on yearly Office of Internal Oversight Services (OIOS) evaluations of TC activities that find deficiencies in project management, planning and sustainability. The objective of the interregional project is to strengthen capacities of Member States and counterpart institutions in the application of results based management across the TC program cycle. RBM as a project management model will help recipients and the TC Department design, implement, and evaluate projects in a more comprehensive manner, leading to clearer conclusions regarding which projects are

successful, sustainable, and a good use of resources within a recipient country.

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G-77 Letter  
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14. (C) The G-77 letter contains ten points expressing concern with the Secretariat's proposed project on RBM. The points are: 1) outstanding questions have not been answered; 2) existing mechanisms are sufficient; 3) no micromanagement of TC (implied: by major contributor states); 4) TC projects should not be aligned with donor priorities; 5) development of national projects is the sovereign right of each Member State; 6) need for proportionality between activities and evaluation; 7) project does not take into account specifications of each Member States; 8) OIOS Report A/63/268 maintains RBM is not useful in the UN System; 9) concerns have not been taken into account; and 10) funding from TCF should not be used for this project. The letter closes with a threat that if the RBM project is not pulled back by the Secretariat the G-77 will, at the TACC and Board, recommend the TC program be approved only after reallocating the resources assigned to INT/0/85 to footnote a (unfunded projects).

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WHAT DOES THIS MEAN?  
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15. (C) There are four scenarios:

-- A) the Secretariat stands firm, the G-77 drops its concerns about RBM and joins consensus approval at the TACC and Board, and all ends well with the Board report stating approval of all TC projects this year, including RBM;

-- B) the Secretariat pulls the RBM project back prior to the Board, thereby acquiescing to the G77's concerns - under this scenario the G-77 will have asserted its dominance over the TC program and demonstrated that the TC Department has no authoritative standing and is simply a middleman

to access nuclear technology and resources. The G-77 will have also successfully politicized the TC program to its advantage by blocking any attempts to better manage the program and its resources. The ramifications of this scenario extend well beyond this November and would render nearly impossible any attempts by the new DG, Member States in budget or medium term strategy talks, or Member States negotiating resolutions at the GC, to strengthen the TC Program through management mechanisms.

-- C) the Secretariat stands firm and does not pull the Project, thereby forcing the G77 to break consensus at the TACC/BOG - in this scenario the G-77 will recommend, per its letter, that the TC program be approved only after reallocating the resources assigned to INT/0/85 to footnote a (unfunded projects). This would also kill the RBM project for this project cycle, and if the Secretariat were to reintroduce the project at the 2010 TACC it would likely meet a similar fate. The ramifications of this scenario also extend beyond November and will make any attempts at management reform by the new DG or Member States difficult if not impossible. This would also create a precedent within the TACC and Board that any Member State can block a TC project and there are no repercussions.

-- D) A compromise is found between the G-77 and the Secretariat regarding implementation of RBM. This would be in our best interests and protect our other equities in the Board.

16. (C) There is consensus in Vienna among like-minded Western states to stay out of the public discussion of the RBM project in the run-up to the Board. DCM alerted IAEA DDG/Management Waller that the U.S. would find a retreat from RBM unacceptable and that the onus was on the Secretariat to resolve the dispute with the G-77. Like-minded states do not want to feed the G-77's theory that major donors are using this project and management issues generally to control TC priorities and create criteria for rejecting projects. We will nevertheless maintain an openly supportive position of RBM as a good management practice. If the Secretariat shows signs of buckling to the G-77 request to delete the

project, a direct approach by major donors to DG ElBaradei may be advisable, expressing dismay at the G-77 position on something as benign as better project management, the possible loss of consensus on the TC program and its projects, and how a rescinding of RBM will be perceived by legislative bodies in Member States that contribute heavily to the TCF and extrabudgetary contributions.

DAVIES